



# Department of Justice

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## **CITICORP SERVICES, INC. ABANDONS ACQUISITION OF TRANSACTIVE CORPORATION'S EBT SERVICES ASSETS**

WASHINGTON, D.C. -- The Department of Justice today agreed to dismiss its suit seeking to block Citicorp Service Inc.'s proposed acquisition of Transactive Corporation's electronic benefit transfer (EBT) system business, now that Citicorp is abandoning the deal. The decision follows the decision by Citicorp to terminate its agreement with GTECH, Transactive's parent company, to acquire the EBT system business.

EBT services are used by state and local agencies to provide food stamps and cash benefits to millions of Americans who receive welfare payments. EBT systems are more efficient and lower the costs of providing such service because they eliminate paper, such as stamps or checks. Federal law requires all states to use EBT systems to deliver food stamp benefits by the year 2002.

"We welcome Citicorp's abandoning the transaction," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "The proposed acquisition would have substantially limited competition among EBT services vendors. Consumers--state and local agencies and ultimately those who receive welfare benefits--will benefit from continued competition by receiving better prices and higher quality services."

The Justice Department's suit, which was filed in U.S. District Court in Delaware in July 1998, alleged that the proposed acquisition would have eliminated competition for EBT

contracts, resulting in higher prices and lower quality services for state and local agencies. The suit said the acquisition would ultimately result in lower quality services for those who receive welfare benefits.

As a result of Citicorp's decision and the dismissal of the suit, Transactive's assets, including its benefits processing system, will be available to Transactive or to other bidders who can purchase or license these assets to challenge Citicorp's nationwide dominance in this market.

Citicorp, a subsidiary of Citigroup, Inc., is headquartered in Chicago and is the dominant provider of EBT services in the United States, and is the prime contractor with 29 states. Until the proposed acquisition agreement was announced, Transactive, headquartered in Austin, Texas, was Citicorp's major competitor and was the prime contractor in 3 states.

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